



PSC NEWS

Missouri Public Service Commission

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FY-05-108

MISSOURI GAS UTILITY TO SERVE HAMILTON AND GALLATIN AREAS UNDER AGREEMENT APPROVED BY THE PUBLIC SERVICE COMMISSION

Jefferson City (December 15, 2004)---The Missouri Public Service Commission has approved an agreement which grants a certificate to Missouri Gas Utility, Incorporated (MGU) to provide natural gas service as a regulated entity in the areas of Hamilton and Gallatin, Missouri.

Hamilton and Gallatin formerly operated the natural gas systems under lease-purchase agreements. However, the cities defaulted on those agreements and as a result, there are currently no gas supply contracts in place for the winter season. MGU stated in its application that it was attempting to purchase the systems from the trustees and to complete the transactions in sufficient time to prevent the disruption of natural gas service to Gallatin and Hamilton customers.

Under the terms of the agreement, MGU will:

- adhere to all Commission rules and regulations relating to service including the Cold Weather Rule.
- provide written notice to all customers of the acquired systems regarding the change in company management and ownership including the company's address and telephone number.
- have a process to receive and respond to emergency, leak and odor calls at any time. MGU is to advertise that telephone number in the local newspapers prior to operation.
- submit its plans and analysis confirming that adequate natural gas supplies will be in place for each of the winter months of December 2004 through March 2005.
- submit natural gas storage balance reports each month through March 2005 to the PSC Staff and the Office of the Public Counsel.
- submit its plans and analysis for providing adequate natural gas supplies for its customers for normal weather for the winter months of 2005/2006. That information is to be filed by September 15, 2005.

The agreement approved by the Commission was submitted by MGU, the Staff of the Missouri Public Service Commission and the Office of the Public Counsel (a separate state agency which represents the general public in matters before the PSC). Although the cities of Gallatin and Hamilton did

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not sign the agreement, they indicated to the Commission they do not oppose the agreement and in fact encourage the Commission to approve the agreement.

The Commission order approving the agreement states: “Based upon its review, the Commission concludes that the Stipulation and Agreement filed on December 8, 2004, is in the public interest and should be approved.”

The City of Gallatin Natural Gas Distribution System serves approximately 460 natural gas customers in the City of Gallatin and surrounding communities. The City of Hamilton Natural Gas Distribution System serves 277 customers in the City of Hamilton and surrounding areas.

MGU is a Colorado corporation. Its principal office is located in Gallatin, Missouri. It is a subsidiary of CNG Holdings, Inc. whose principal office is located in Littleton, Colorado.

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Case No. GO-2005-0120